



Office of Mayor Miro Weinberger

DRAFT

January 13, 2014

Open Letter to the People of Burlington,
Happy New Year!

Thank you again for your trust and support over the last 21 months – we will be working hard to continue making good on that confidence throughout 2014.

This past year included two of the most inclusive and transparent planning processes our City has ever attempted: PlanBTV and the Public Investment Action Plan (PIAP). PlanBTV, a vision of the future worthy of our dynamic, vibrant, committed City, involved two years' research, more than 100 public events, with more than 1,200 participants from our community – residents, workers, business, and nonprofits, and resulted in an award-winning plan. PIAP – an implementation effort designed to move PlanBTV elements from concept to reality – generated 120 initial proposals that have been winnowed to nine detailed final proposals.

Together, these two initiatives have generated new ideas and energy, and clarified our current opportunities for progress in the City's long-term effort to reclaim the waterfront from its historic, industrial past. Today, I am pleased to announce my support for a slate of six projects totaling up to \$7.5 million in new Tax Increment Financing (TIF) investment plus \$2.1 million in reauthorized TIF investment.

Collectively, this slate of investments will accomplish a number of key waterfront goals, without impacting municipal property tax rates:

- **Strengthen existing waterfront resources.** The slate includes investments in the most beloved elements of today's waterfront: the Community Sailing Center, ECHO, and Waterfront Park.
- **Resolve the use of the abandoned Moran site.** The proposed slate will both determine the use of the land immediately surrounding the Moran building, and define a path to near-term resolution of the future of the building.
- **Increase public access and use of the waterfront and Lake Champlain.** All proposed projects include public elements that will bring more Burlington residents and visitors to the waterfront. Some projects include features that will increase the public's access to the lake itself and create new ways to enjoy the Burlington waterfront.

- **Protect Lake Champlain and continue Burlington's leadership in water quality efforts.** The proposed projects include important new public infrastructure that will protect Lake Champlain from stormwater run-off, improve public education, and continue Burlington's leadership on stormwater issues.
- **Leverage additional investment that creates economic opportunity and grows City revenues.** The proposed \$9.6 million of project investments are conceptually anticipated to leverage an additional \$33 million of direct investment. In addition, municipal tax revenues are projected to grow annually, with indirect economic activity increasing **XXX**.

I am respectfully requesting that the City Council approve ballot language supporting the following slate of innovative City tax investments at their January 27, 2014 meeting, and that Burlington voters approve this item on Town Meeting Day. The proposed slate consists of the following projects:

- **New Moran: up to \$6.3 million for mixed-use redevelopment of the building with a focus on local foods, a multi-use performance space, and other arts uses, including \$4.2 million of new TIF investment and reauthorization of \$2.1 million in previously approved investment in [year?].** New Moran will be developed and managed by an exciting new independent non-profit that will assume the project's pre-development, construction, and operating risk. The City will continue to own and lease the redeveloped building.
 - The local New Moran team has presented a proposal that represents an exciting vision for the building – arguably the most exciting vision proposed in 30 years of redevelopment efforts – and has garnered an enormous amount of support from other significant, credible, local individuals and organizations.
 - The New Moran proposal represents the last hope for the many Burlingtonians who, like me, see redeeming qualities in the existing structure and would like to see it redeveloped successfully.
 - The City will provide the New Moran team every opportunity to succeed by committing to support their TIF request and development effort with significant City staff support. The City will invest its TIF funds only after the New Moran team has secured tenants and the balance of its financing.
 - The New Moran team's plan is ambitious, complex and will take time to accomplish – like many plans before now, it may not succeed. Because we cannot return to the years of uncertainty and minimal progress that marked the last redevelopment effort, my support for New Moran is conditional on the New Moran team meeting agreed upon milestones.
 - After three decades of efforts, it is time to resolve the uncertainty regarding the future of the northern waterfront. If New Moran proves infeasible, it will be time to acknowledge that the building has become an obstacle to waterfront progress. As part of the proposed PIAP ballot language, I am requesting the authority from voters to use TIF funds to demolish the building in the event that the Administration and City Council determine that New Moran cannot be completed in a timely manner. A vote for the PIAP slate is a vote for resolution of the Moran building and site.
- **Waterfront Park Upgrades: \$800,000 for improved electrical and water infrastructure to enhance Vermont's most visited public park.** These Waterfront Park upgrades will enable the City to better serve waterfront events while mitigating the impacts of events on neighbors and other users of the park and Bike Path.

- **Lake Champlain Community Sailing Center (CSC): \$500,000 to support site improvements for a permanent home and new building for the CSC.** It is time for the 20-year-old Community Sailing Center to have a permanent home on the Burlington waterfront. The proposed TIF investment will leverage approximately \$5 million of independent investment by the Sailing Center and allow the Sailing Center to expand its programs and services that allow hundreds of Vermonters from all backgrounds to enjoy the Lake every summer.
- **Burlington Harbor Marina: \$500,000 to create a marina on our northern waterfront to meet the burgeoning need for boats slips in our harbor.** The proposed TIF investment will leverage approximately \$4.5 million in private investment, create jobs, and generate substantial new revenues to the City. The proposed marina would include public piers stretching into Lake Champlain, and serve as breakwater protection for both the marina and Community Sailing Center. The proposal also would include public bathrooms, a variety of currently lacking marina amenities, and water taxi service.
- **ECHO Center Sustainability Park: \$500,000 to support creation of new outdoor amenities, educational installations, and lake protection facilities on land surrounding ECHO.** New plantings, a boardwalk extension, stormwater mitigation, and educational installations all would be constructed in a first phase of what is ultimately envisioned to be an approximately \$2 million enhancement to the ECHO site, with the balance to be funded independently without further City investment.
- **Waterfront Access North: \$500,000 for increased access to the northern waterfront, landscaping, environmental remediation, lake protection, and utility relocation and burial.** Waterfront Access North currently is in construction after support by the voters last fall. This additional investment will enable the project to fully access and support use of the Moran site, a permanent home for the Lake Champlain Community Sailing Center, and a marina.
- The proposed total TIF authorization also includes \$500,000 to support the City's management of the TIF district during the years ahead of project implementation.

One year ago, we could not have anticipated the extraordinary amount of energy, creativity, and partnership created by the Public Investment Action Plan. I want to thank the hundreds of Burlingtonians who participated in the PIAP process, the members of the Public Investment Team, and the many City employees who worked very hard to get us to this point. I have never been more excited about the future of our great City.

Sincerely,



Miro Weinberger
Mayor of Burlington

Existing and Projected TIF Revenue										Net Revenue (loss)										
Fiscal Year	Revenue from Previous Growth in TIF District*	Projected Revenue from Marriott Expansion	Projected Revenue from 41 Cherry St.	Projected Revenue from Moran	Projected Revenue from Other Future Development	Projected Revenue from Future Re-appraisal	Projected Revenue from Background Growth	Total Projected Revenue TIF Revenue	Revenue Growth	Existing Payments on Garage Debt	Future Debt Service at 5%	Payments to state Education Fund	Lake Street Reconstruction	Lake Street Housing	Urban Reserve	Lake View Garage	Lake View Pier	Lake View Westlake Garage	Total Projected Debt Payments	
2014	2,238,829	-	-	-	-	-	-	2,238,829	30.83%	83,447	5.14%	50,000	76,560	26,411	110,008	29,081	33,313	634,594	\$ 1,305,412	
2015	2,353,884	-	-	-	-	-	-	2,353,884	5.14%	83,447	6,23,100	50,000	74,169	26,411	105,991	29,584	33,579	633,231	\$ 1,930,512	
2016	2,454,793	-	-	-	18,750	-	-	2,453,793	5.08%	83,447	1,054,300	50,000	81,587	26,411	106,813	28,931	33,750	631,231	\$ 2,356,869	
2017	2,550,702	-	-	57,500	18,750	-	-	2,615,952	6.61%	41,723	1,054,300	50,000	107,712	26,411	107,349	28,146	33,351	633,594	\$ 2,341,895	
2018	2,671,880	-	-	57,500	18,750	-	-	2,748,130	4.22%	-	1,054,300	50,000	122,736	264,930	107,995	285,920	33,362	635,106	\$ 2,307,950	
2019	2,788,612	-	-	57,500	18,750	-	-	2,864,362	4.25%	-	1,054,300	50,000	286,725	286,725	107,573	286,725	33,756	635,769	\$ 2,374,842	
2020	2,911,197	-	-	57,500	18,750	(68,637)	-	2,918,811	1.88%	-	1,054,300	127,000	-	-	-	33,545	635,581	\$ 1,850,426		
2021	2,973,115	-	-	57,500	18,750	(68,637)	-	2,980,728	2.12%	-	1,054,300	127,000	-	-	-	33,711	634,544	\$ 1,49,555		
2022	3,036,386	-	-	57,500	18,750	(68,637)	-	3,043,999	2.12%	-	1,054,300	127,000	-	-	-	-	632,636	\$ 1,013,956		
2023	3,101,043	-	-	57,500	18,750	(68,637)	-	3,108,556	2.12%	-	1,054,300	127,000	-	-	-	-	631,119	\$ 1,612,419		
2024	3,167,116	-	-	57,500	18,750	(68,637)	-	3,174,729	2.13%	-	1,054,300	127,000	-	-	-	-	631,119	\$ 1,612,419		
2025	3,234,637	-	-	57,500	18,750	(68,637)	-	3,242,250	2.13%	-	1,054,300	127,000	-	-	-	-	631,489	\$ 1,815,769		
Total	33,492,195	-	-	577,500	187,500	(411,821)	-	31,785,373	-	292,064	11,176,100	762,000	200,000	46,2763	627,287	645,328	1,735,093	268,367	7,600,013	23,765,025
lump sum yes or no										Net Revenue (loss)										
										Annual Net Revenue (loss)		Cumulative Net Revenue (loss)**								

Project Fund Deposits	Loan Amount	\$7,500,000	\$7,000,000
Waterfront North 2,900,000.00	rate	6%	6%
	Yearly Payment	\$1,019,010	\$951,076

3750000 0%

3750000 0%

Project Fund Deposits	Loan Amount	\$7,500,000	\$7,000,000
Waterfront North 2,900,000.00	rate	6%	6%
	Yearly Payment	\$1,019,010	\$951,076

3750000 0%

3750000 0%

3750000 0%

3750000 0%

Bond Proceeds:	
Par Amount	9,225,000.00

Uses:

Project Fund Deposits:	
Waterfront North	2,900,000.00
Bike Path	2,570,000.00
CEDO	580,000.00
Section 108	<u>2,091,000.00</u>
	8,141,000.00

Other Fund Deposits:	
Debt Service Reserve Fund	922,500.00

Delivery Date Expenses:	
Cost of Issuance	65,000.00
Underwriter's Discount	<u>92,250.00</u>
	157,250.00

Other Uses of Funds:	
Additional Proceeds	4,250.00
	9,225,000.00

TIF Summary Level

Fiscal Year	Total TIF Revenue	Revenue Growth	Total Projected Debt Payments	Net Revenue (loss)			Remaining Capacity at 105%
				Annual Net Revenue (loss)	Cumulative Net Revenue (loss)	Coverage	
2014	\$ 2,238,829	30.8%	\$ 1,305,412	933,416	\$ 2,000,000	171.5%	\$ 787,434
2015	2,353,884	5.1%	1,930,512	423,372	2,423,372	121.9%	296,459
2016	2,473,543	5.1%	2,002,569	470,974	2,894,346	123.5%	336,368
2017	2,636,952	6.6%	2,034,995	601,957	3,496,303	129.6%	453,703
2018	2,748,130	4.2%	2,088,750	659,381	4,155,684	131.6%	503,350
2019	2,864,862	4.2%	2,149,342	715,519	4,871,203	133.3%	551,521
2020	2,918,811	1.9%	2,336,626	582,185	5,453,388	124.9%	422,089
2021	2,980,728	2.1%	2,393,655	587,073	6,040,461	124.5%	423,937
2022	3,043,999	2.1%	2,458,756	585,243	6,625,704	123.8%	419,325
2023	3,108,656	2.1%	2,527,719	580,937	7,206,641	123.0%	412,291
2024	3,174,729	2.1%	2,599,219	575,510	7,782,151	122.1%	404,126
2025	3,242,250	2.1%	2,666,469	575,781	8,357,932	121.6%	401,322
Total	\$ 33,785,373		\$ 26,494,025		\$ 8,357,932		

– This assumes \$8.141MM of project fund deposit. This results in \$9.225MM of par issued which includes a debt service reserve fund of \$922,500 and costs of issuance of \$157,250. PFM has also recommended to not account for the re-appraisal and to have no growth on the City's tax rate.

Projected Increases in Tax Rates and Projected Revenue from Previous Growth in District

after 2020

Projected annual rate of increase in education tax rates "Non":
4.00%
 Projected annual rate of increase in education tax rates:
6.00%
 Projected annual rate of increase of municipal tax rate:
1.00%

1%

2%

Year	Projected Non-homestead Education Tax Rate	Projected Homestead Education Tax Rate	Projected Municipal Tax Rate	Projected Municipal Tax Rate	Revenue from previous growth in district					
					Projected "Effective" Municipal Tax Rate for TIF District for previous growth*	New Increment Non-Homestead Property value	Non-Homestead Property value	Homestead Property value	120% Factor	75% New Formula Non-Homestead
2009	1.4560	1.1090	0.6700	0.4115	63,268,000	12,413,700				1,370,280
2010	1.5334	1.2394	0.7120	0.4415	63,268,000	12,413,700				1,458,142
2011	1.5390	1.2820	0.7200	0.7200	63,268,000	12,413,700				1,677,746
2012	1.5441	1.3019	0.7280	0.7280	63,268,000	12,413,700				1,689,498
2013	1.5684	1.4302	0.7153	0.7153	63,268,000	12,413,700				1,711,187
2014	1.6055	1.5257	0.7584	0.7584	78,285,000	15,725,000				0
2015	1.6697	1.6800	0.7800	0.7800	79,067,850	15,725,000				0
2016	1.7365	1.7808	0.7878	0.7878	79,858,529	15,882,250				0
2017	1.8060	1.8876	0.7957	0.7957	80,657,114	16,041,073				0
2018	1.8782	2.0009	0.8036	0.8036	81,463,685	16,201,483				0
2019	1.9533	2.1210	0.8117	0.8117	82,278,322	16,363,498				0
2020	2.0315	2.2482	0.8198	0.8198	83,101,105	16,527,133				0
2021	2.0518	2.2932	0.8280	0.8280	83,932,116	16,692,404				0
2022	2.0723	2.3390	0.8363	0.8363	84,771,437	16,859,328				0
2023	2.0930	2.3858	0.8446	0.8446	85,619,152	17,027,922				0
2024	2.1140	2.4335	0.8531	0.8531	86,475,343	17,198,201				0
2025	2.1351	2.4822	0.8616	0.8616	87,340,097	17,370,183				0
										<u><u>33,492,195</u></u>

TAX INCREMENT FINANCING DISTRICT (TIF) DEBT SERVICE- Existing Debt

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		#98/#158	\$128	#95	#94	#103	#140	ANNUAL TIF DEBT SERVICE
Original Borrowing amount		Sec 108 59.5%	Sec 108 %	COPS 100%	COPS 100%	COPS 9.93%	COPS 2005	Lease
		\$ 1,110,133	\$ 495,000	\$ 1,390,000	\$ 5,500,000	\$ 407,130	\$ 7,870,000	\$436,610
Lake Street Reconstruction		Lake Street	Urban Reserve	Lakeview	Fishing Pier	Lakeview	College St	
Housing				Garage		Westlake Garage	Garage Improv	
FY 2004				6/1/1999		6/27/2000	6/7/2005	
						11/18/2011		
								TOTAL
4/28/1999								
Principal FY 2014		60,000	-	85,000	225,000	21,846	385,000	78,322
Interest FY 2014		16,560	26,411	25,008	66,081	11,467	249,594	5,125
Total Principal and Interest		76,560	26,411	110,008	291,081	33,313	634,594	83,447
Principal O/S balance @ 6/30/14		350,133	495,000	475,000	1,285,000	194,132	5,470,000	202,621
Principal FY 2015		60,000	-	85,000	235,000	23,336	400,000	79,865
Interest FY 2015		14,169	26,411	20,991	55,584	10,244	233,231	3,582
Total Principal and Interest		74,169	26,411	105,991	290,584	33,579	633,231	83,447
Principal O/S balance @ 6/30/15		290,133	495,000	390,000	1,050,000	170,796	5,070,000	122,756
Principal FY 2016		70,133	-	90,000	245,000	24,825	415,000	81,438
Interest FY 2016		11,454	26,411	16,813	44,331	8,925	216,231	2,009
Total Principal and Interest		81,587	26,411	106,813	289,331	33,750	631,231	83,447
Principal O/S balance @ 6/30/16		220,000	495,000	300,000	805,000	145,971	4,655,000	41,319
Principal FY 2017		100,000	-	95,000	255,000	25,818	435,000	41,319
Interest FY 2017		7,712	26,411	12,349	32,456	7,533	198,594	405
Total Principal and Interest		107,712	26,411	107,349	287,456	33,351	633,594	41,723
Principal O/S balance @ 6/30/17		120,000	495,000	205,000	550,000	120,153	4,220,000	-
Principal FY 2018		120,000	245,000	100,000	270,000	27,308	455,000	
Interest FY 2018		2,736	19,930	7,595	19,920	6,055	180,106	
Total Principal and Interest		122,736	264,930	107,595	289,920	33,362	635,106	
Principal O/S balance @ 6/30/18		-	250,000	105,000	280,000	92,846	3,765,000	(4,715,895)
Principal FY 2019		250,000	105,000	280,000	29,294	475,000	1,139,294	
Interest FY 2019		6,725	2,573	6,720	4,463	160,769	181,249	
Total Principal and Interest		256,725	107,573	286,720	33,756	635,769		1,320,542

Principal O/S balance @ 6/30/19		(5,855,188)
Principal FY 2020		
Interest FY 2020		
Total Principal and Interest		
Principal O/S balance @ 6/30/20		
Principal FY 2021		
Interest FY 2021		
Total Principal and Interest		
Principal O/S balance @ 6/30/21		
Principal FY 2022		
Interest FY 2022		
Total Principal and Interest		
Principal O/S balance @ 6/30/22		
Principal FY 2023		
Interest FY 2023		
Total Principal and Interest		
Principal O/S balance @ 6/30/23		
Principal FY 2024		
Interest FY 2024		
Total Principal and Interest		
Principal O/S balance @ 6/30/24		
Principal FY 2025		
Interest FY 2025		
Total Principal and Interest		
Principal O/S balance @ 6/30/25		
Total Principal	1,110,133.00	495,000.00
Total Interest	640,288.50	382,756.82
Total Principal & Interest	1,750,421.50	877,756.82

Note #98 TIF portion of debt was 59.5% of \$1,930,000, or \$1,148,350; however, effective 2/1/09 note #98 was replaced with note #158 where TIF portion of debt was \$560,133. Thus, total principal due under these two notes totals \$1,110,133 (i.e. \$550,000 paid under note #98 from 8/1/98 to 8/1/09 plus \$560,133 paid under note #158 from 8/1/10 to 8/1/17).

Background Growth Calculations

PFM Recommends do not include Background Growth

Projected rate of background growth
0.00%
Total background property growth over 15 years
- 2011 through 2025
Average background property growth per year
- 2011 through 2025

Year	Non-Homestead Property value	Non-Homestead Property					Homestead Property				
		Increment due to Background Growth	Non-Homestead Education tax rate**	Homestead Education tax rate**	"Effective" Municipal tax rate	Non-homestead Municipal tax increment	Total Non-Homestead Tax Increment	Homestead Municipal tax increment	Homestead Education tax rate	Homestead Education tax rate**	Total Homestead Tax Increment
2009	63,268,000	-	1.4960	-	0.4115	-	12,396,700	-	1,1090	-	0.4115
2010	66,535,803	-	1.5334	-	0.4415	-	10,352,387	-	1,2394	-	0.4415
2011	67,404,600	-	1.5390	-	0.7200	-	12,384,700	-	1,2820	-	0.7200
2012	67,404,600	-	1.5441	-	0.7280	-	12,384,700	-	1,3019	-	0.7280
2013	67,404,600	-	1.5684	-	0.7153	-	12,384,700	-	1,4302	-	0.7153
2014	67,404,600	-	1.6055	-	0.7584	-	12,384,700	-	1,5257	-	0.7584
2015	67,404,600	-	1.6697	-	0.7800	-	12,384,700	-	1,6800	-	0.7800
2016	67,404,600	-	1.7365	-	0.7878	-	12,384,700	-	1,7808	-	0.7878
2017	67,404,600	-	1.8060	-	0.7957	-	12,384,700	-	1,8876	-	0.7957
2018	67,404,600	-	1.8782	-	0.8036	-	12,384,700	-	2,0009	-	0.8036
2019	67,404,600	-	1.9533	-	0.8117	-	12,384,700	-	2,1210	-	0.8117
2020	67,404,600	-	2.0315	-	0.8198	-	12,384,700	-	2,2482	-	0.8198
2021	67,404,600	-	2.0518	-	0.8280	-	12,384,700	-	2,2932	-	0.8280
2022	67,404,600	-	2.0723	-	0.8363	-	12,384,700	-	2,3390	-	0.8363
2023	67,404,600	-	2.0930	-	0.8446	-	12,384,700	-	2,3858	-	0.8446
2024	67,404,600	-	2.1140	-	0.8531	-	12,384,700	-	2,4335	-	0.8531
2025	67,404,600	-	2.1351	-	0.8616	-	12,384,700	-	2,4822	-	0.8616

* Background growth falls under new TIF authority, therefore the City only retains 75% of increment.

Effect of re-appraisal on Waterfront TIF District

Reappraisal not mandated based on statistical measures

Do not change any values on this page!

Background: The Waterfront TIF District is grandfathered under current TIF law, in that the "base value" remains the same after re-appraisal. This is unlike new TIF Districts (including the new Downtown TIF District) in which the "base values" increase proportionally upon re-appraisal.

Year in which re-appraisal is effective:

2020

-5%

* PFM recommends to not account for re-appraisal

	Current	Post Re-appraisal
Total Grand List	\$35,796,372.900	\$34,006,554.255 assumes average increase in values shown above
TIF Dist Grand List	123,426,100	117,254,795 assumes average increase in values shown above
TIF Dist Base Value	42,412,900	42,412,900 "base value" remains the same
Net TIF Grand List	81,013,200	74,841,895 consequently the "incremental value" in the TIF increases more = -7.6%
Net Grand List outside TIF	35,715,359,700	33,931,712,360
Total Tax Revenue outside TIF	1,095,749,668	1,095,749,668 revenue neutral
Total Tax Rate (yr of re-appraisal)	3.06801	3.229279018 Percent new rate vs. old 105.26%
Net TIF Grand List	81,013,200	74,841,895
Retained TIF Tax Rate		
City (projected for yr of re-appraisal)	0.8198	0.8629 New rate at 105.26% of old rate
State (projected for yr of re-appraisal)	2.2482	2.3654 New rate at 105.26% of old rate
Combined Rate:	3.0680	3.2293
Total TIF Revenue	\$2,485,490	\$2,416,854 Revenue retained within the TIF District increases by (\$68,637) in first year

Note 1: This is an inelegant rough calculation. It is conservative in that it applies the homestead education tax rate to all properties, rather than the higher non-homestead rate. It is also conservative in that when the increased tax revenue is inserted into the "Summary" tab it does not increase the tax rate in any year after the first year the re-appraisal becomes effective. But it should provide a rough indication of the impact of re-appraisal.

Note 2: It is not necessary to adjust the tax rates on the "Tax Rates" tab to reflect the reappraisal because it will be revenue neutral for the "incremental property value" in the district.